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ABSTRACT

This report on OEO's educational voucher experiment sets forth the structure of the OEO proposals and the reasons for the experiment, outlines its advantages, and discusses criticisms of educational vouchers. According to the author, this voucher system makes schools more accountable to parents, and provides a wider range of choices for the poor, while continuing to make schools attractive to the affluent. (JF)

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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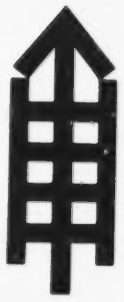

A PROPOSED EXPERIMENT IN EDUCATION VOUCHERS

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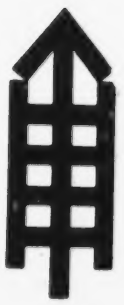

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INTRODUCTION

The education system of this country probably is performing better today than it has at any time in the past, yet there is also growing public dissatisfaction with that system. This is particularly true among the poor, the segment of our population that is more dependent than any other on the school system. For the disadvantaged, the nation's schools can be viewed as an essential means of equalizing opportunities and as a vital contributor -- perhaps the main contributor -- to their children's future. In many instances, however, it would appear that the nation's schools are failing to meet the needs and expectations of the poverty population.

In school system after school system, enormous numbers of poor children are far behind the skill levels judged to be appropriate and indicative of future competence in our society. At the same time, it is clear that current compensatory efforts to improve the education offered to the poor generally have failed to live up to their expectations. The Federal Government in the current fiscal year will spend more than $1 billion on programs funded under Title I of the Elementary and Secondary Education Act. Testing, administered before and after these programs for the "educationally disadvantaged," indicates that only 19 percent of the children showed significantly improved reading skills, while the remaining 80 percent continued to fall behind their nonpoor classmates, some at even faster rates than would normally be expected.

Yet the relationship between poverty and education is unmistakable, as indicated in Tables I and II. While 11 percent of all Americans 14 and older are poor, the incidence of poverty among those with less than six years' education is 35 percent. The incidence is six percent for those with a high school education. To put it another way, the median years of schooling completed by all individuals in our society is now slightly more than 12. For poor persons, the median is a little less than nine years.

It is readily apparent that the educational system is failing the poor -- both by failing to provide adequate skills and by failing to retain children in school.

One reason for this disparity could well be that poor parents have little opportunity to affect the type or quality of education received by their children. The poor have no means by which to make the education system more responsive to their needs and desires. More affluent parents usually can obtain a good education for their children because they <u>can</u> choose schools for their children to attend -- either by deciding where to live or by sending the children to private schools. Poverty and residential segregation deny this choice to low-income and minority parents.

The Office of Economic Opportunity therefore has begun to seek a means to introduce greater accountability and parental control into schools in such a way that the poor would have a wider range of choices, that the schools would be encouraged to become more accountable to parents, and that the public schools would remain attractive to the more

TABLE I

INCIDENCE OF POVERTY

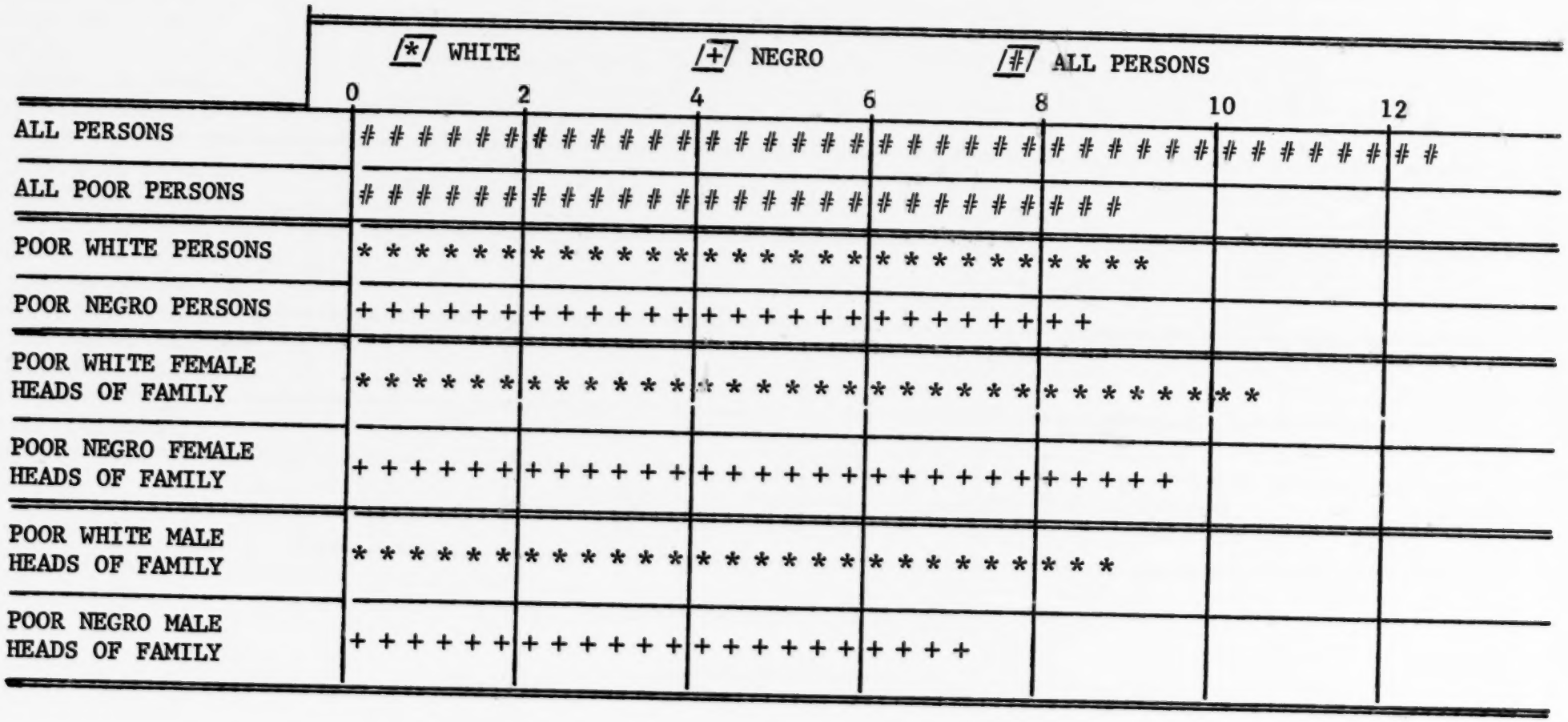
BY YEARS OF SCHOOL COMPLETED

	1-5 YEARS	6-8 YEARS	9-11 YEARS	12 YEARS	COLLEGE	TOTAL INCIDENCE
ALL PERSONS	34.9	18.7	11.6	6.0	5.2	12.3
ALL WHITE PERSONS	30.4	16.3	8.9	5.3	4.9	9.7
ALL NEGRO PERSONS	48.1	36.2	28.9	14.5	8.2	32.5
ALL WHITE FEMALE HEADS OF FAMILY	37.1	27.2	34.6	20.3	16.9	25.4
ALL NEGRO FEMALE HEADS OF FAMILY	59.4	56.9	63.9	39.2	11.5	53.2
ALL WHITE MALE HEADS OF FAMILY	23.2	10.7	5.6	3.3	2.6	7.3
ALL NEGRO MALE HEADS OF FAMILY	35.0	20.6	15.5	8.5	5.8	17.8

TABLE II

MEDIAN YEARS OF

SCHOOLING COMPLETED



affluent. This has led to consideration of an experiment in which public education money would be given directly to parents in the form of vouchers, or certificates, which the parents then could take to the school of their choice, public or nonpublic, as payment for their children's education.

While the basic idea is relatively simple, it is clear that the details of a workable demonstration are very complex indeed. Therefore, the OEO contracted with the Center for the Study of Public Policy in Cambridge, Massachusetts, to do an intensive study of the subject: to define the problems more clearly, to examine different types of education voucher systems, and to suggest a specific system that would maximize the advantages and minimize the disadvantages of the concept.

THE ISSUES

The Center and others familiar with the vouchers concept see it as a means of effecting a number of advantages for the poor:

-- Individuals would have greater freedom within the public education system because they would not be required to accept standardized programs offered in assigned public schools. Middle income and poor parents would have much the same freedom to choose schools that wealthy parents can exercise.

-- Parents would be able to assume a significant role in shaping their child's education, thus renewing the family's role in education and resulting in concomitant improvement in the attitudes of both parent and child.

-- A range of choices in the schools would become available. Small new schools of all types could come into operation -- Montessori, Summerhill, open classroom, and traditional style schools, among others.

-- Administrators and teachers could arrange their curricula to appeal to a particular group or to reflect a particular school of thought on educational methods. Schools could emphasize music, arts, science, discipline, or basic skills. Parents not pleased with the emphasis of one school could choose another. Thus, public school administrators and teachers would be freed from the necessity

of trying to please everyone in their attendance area, a practice that often results in a policy that really pleases no one.

-- Resources would be more accurately channeled directly to a target group, the poor, since funds would follow the child holding the voucher.

-- A form of accountability to parents would be introduced since parents would be free to withdraw their children from the school if it did not perform in accordance with their desires.

Critics of the voucher system argue that:

-- The voucher system could be used to promote economic segregation within the schools because well-to-do parents could add money to the vouchers and thus be able to choose schools that charge additional fees. If this occurred, the vouchers would effectively become a subsidy for the rich and for middle class persons.

-- Vouchers could lead to racial segregation within the schools. However, where voucher systems have been tried to this end in the South, the courts have found this use unconstitutional.

-- The system would lead to public support of religious instruction, thus violating the prohibitions of the Constitution.

-- Use of a more nearly free market in education would lead

to false claims by educators that would mislead and misinform an unsophisticated public. In short, hucksterism would enter the educational market.

Others also question whether parents, particularly low-income parents, have the capability and desire to choose sources of education for their children. In addition, there is concern about the feasibility of administering a voucher system and about the financing of new alternatives to existing sources of education. Finally, many wonder whether a voucher system would jeopardize the public schools, which might be forced to become schools of the last resort.

THE PROPOSAL

The voucher model proposed by the Center for the Study of Public Policy seems to retain the advantages cited by advocates of a voucher system while eliminating most of the problems cited by its opponents. This model is based on the premise that an unregulated voucher system, the form most often discussed in the past, could lead to all the problems listed above. The Center, however, indicated that the education marketplace could be regulated so as to eliminate the difficulties and retain the system's popular advantages. The Office of Economic Opportunity, after reviewing the potential merits of a regulated voucher system, has decided to test a system that would include regulation, as follows:

-- No school may discriminate against pupils or teachers on the basis of race or economic status, and all schools must demonstrate that the proportion of minority students enrolled is at least as large as the proportion of minority applicants.

-- Schools must be open to all applicants. Where more students apply than can be accepted, some portion (perhaps half) of the students may be selected by any criteria, except race, that the school wishes. Some schools may want to give preference to siblings of children already enrolled, to children of a particular neighborhood, to children with certain capabilities or interests, or to children of particular religious faiths, for example. For the remaining positions, the choice from

among applicants must be on a fair and impartial basis, for example, by lottery.

-- The school must accept the voucher as full payment for all educational services. In other words, no school may require parents to make additional payments out of pocket. Schools may seek additional sources of funds from the government, foundations, or interested citizens and parents, but in no case can the admission of a child to the school be conditioned upon such contributions on the child's behalf.

-- Parochial schools will be permitted to participate in the experiment only if the arrangements for this participation can be made so as not to violate their state's constitution or the U. S. Constitution. They also would have to comply with all rules, including the requirement for open admissions procedures, that will apply to other schools in the epxeriment.

-- All schools must make available to parents information about such matters as the school's basic philosophy of education, number of teachers, teacher qualifications, facilities, financial status, and pupil progress. In short, schools must provide sufficient information to parents to enable them to make wise decisions when they select schools.

-- The value of the voucher will be supplemented for the poor -- and, perhaps also for educationally disadvantaged -- children. This will serve as an incentive for schools to admit these

children and serve to ensure that free choice exists in fact for all students.

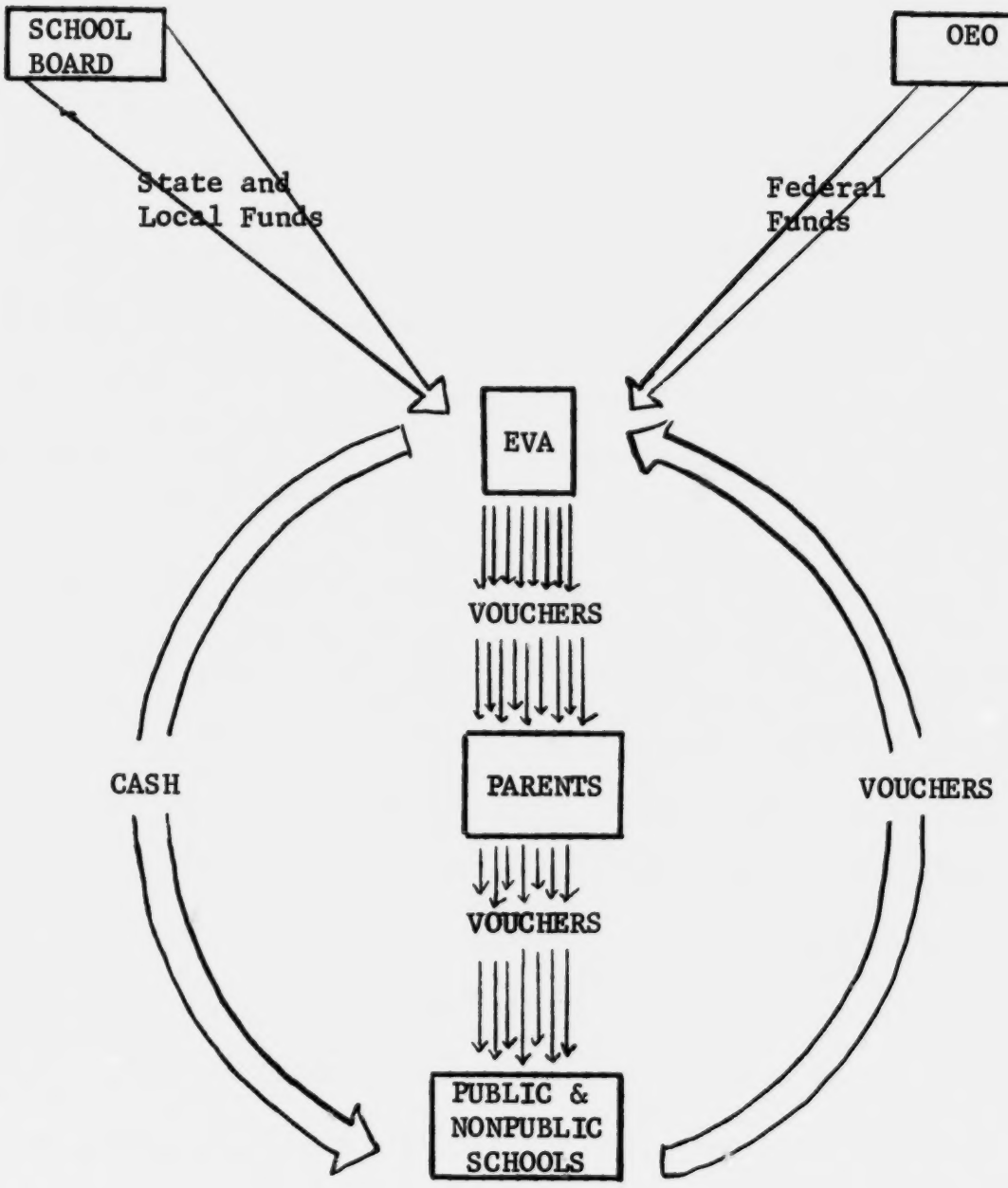
These regulations will be enforced by a locally selected Educational Voucher Agency (EVA), which also will be responsible for the day-to-day administration of the voucher system. As shown in Table III, the EVA will distribute vouchers to all eligible students and cash the vouchers on presentation by qualifying schools. The EVA may be the current board of education augmented by members of the community and representatives of alternative sources of education. Or, it may be a new board empowered to receive funds from the local school system and disburse them to parents.

The experiment, to be mounted in several communities, will include only elementary children. This period is crucial in the development of the child's basic skills and learning motivation. It is also a time when the parents are particularly concerned with their children's education. In addition, since it is hoped that additional sources of education will be developed within the community, the elementary level is desirable because it reduces the capital necessary to start new schools. There is substantial evidence to suggest that elementary school facilities are less expensive than those for the intermediate or secondary level.

All elementary school children in the experiment areas will be eligible to receive the vouchers, which can be used at any school meeting requirements to be established by the communities. The EVA will make every effort to provide parents with information and counseling, and other types of technical assistance, to facilitate parents' choices.

TABLE III

VOUCHER MODEL



The bulk of the funds would come from existing and projected state and local education revenues, which would be distributed on a per student basis. The Office of Economic Opportunity plans to provide the extra funds for compensatory payments for poor children, and would pay the additional costs of educating students not now in the public schools. These costs would be roughly equal to current per pupil expenditures. In addition, the OEO would finance the extra costs occasioned by setting up and administering the voucher system, and would provide transportation funds, so that students would not be limited to neighborhood schools. It is not, however, the intention of the OEO to reduce the burden of local taxpayers by substituting Federal funds for state and local funds.

STATE AND LOCAL INVOLVEMENT

A voucher demonstration cannot succeed without broad-based local support and the cooperation of key state officials and institutions. At the local level:

-- The major initiative should come, as it has in the past, from the local community.

-- Support from the present public school board and superintendent is paramount.

-- Ideally, the decision-making process will include teachers, the mayor's office, the local Community Action Agency, and all other concerned segments of the community. This involvement will be encouraged at the preliminary, planning, and demonstration stages.

The final form of the demonstration will reflect the thinking of all these forces at the local level. The Office of Economic Opportunity will not impose a definitive model.

At the state level:

-- Clearance will be sought at each stage from the governor, as required by the Economic Opportunity Act.

-- The state department of education will be asked to participate in planning and monitoring the experiment.

-- In most cases, the state legislature will be asked to enact enabling legislation.

THE AGENDA

The Office of Economic Opportunity is awarding relatively small grants for preliminary feasibility studies to several communities, and will continue to consider additional communities for later grants of this nature. These grants will enable the communities to prepare demonstration proposals and complete feasibility studies.

By late spring, 1971, the Office of Economic Opportunity will consider the proposals prepared under the initial preliminary grants and award larger planning grants to several of the communities. These planning grants would finance more detailed, intensive full-scale planning for the demonstrations.

If all legal and administrative considerations can be satisfied in time, the demonstrations will begin in the fall of 1971; if necessary, however, the starting date will be postponed until the fall of 1972. To permit the formation of new schools, the demonstrations will continue for about five years.

THE QUESTIONS

It is important to emphasize that the Office of Economic Opportunity is not an advocate of education vouchers. Rather, the Agency believes the concept holds enough potential for the poor to merit testing. Among the more important questions to be answered by the experiment are:

-- Will the parents, and the community as a whole, feel that their needs are met by the education offered under a voucher system?

-- Will the education of children be improved?

-- Is a regulated voucher system administratively feasible?

-- Will a voucher system result in improved integration patterns; i.e., are racial and economic integration fostered? Is a voluntary system of this sort more satisfactory to all concerned than involuntary bussing?

Other questions to be considered both during the planning and during the demonstration periods are:

-- Do meaningful alternatives to the existing public school system actually occur under a voucher system? How do these schools find the necessary capital for start-up costs?

-- Do low-income parents feel comfortable exercising this degree of influence over their child's educational future?

-- Can hucksterism be avoided?

-- Is the impact of vouchers on the existing public schools beneficial?

-- Do compensatory payments offer adequate incentives for schools to accept children who are difficult to educate?

-- Can the admissions procedures outlined above work?

-- What is to be done about latecomers, transfers, dropouts, and so on?

-- How can the job security of tenured teachers be protected?

-- What kinds of changes and administrative procedures within the current public schools will be required to allow them to respond to the interests and needs of the community?

-- What sort of counseling should be provided to permit parents to make wise decisions about the schools, and how should this help be provided?

The first test of the voucher system will, of course, be this experiment. The final judges will be the parents, state and local officials, educators, and representatives of the poor who will participate in the experiment and who will have the opportunity to examine the voucher system on a firsthand basis. They will make the final judgment as to the desirability or nondesirability of adopting such a system on a permanent, operational basis.

GPO 905-593